

July 15, 2002

Legislative Audit Commission
622 Stratton Office Building
Springfield, IL 62706

Dear Members:

In accordance with section 3-15 of the Illinois State Auditing Act (30 ILCS 5/3-15), I hereby submit the report on the operations of the Office of the Auditor General for the fourth quarter of Fiscal Year 2002 which ended June 30, 2002.

FISCAL MATTERS

<i>FY 2002 – FOURTH QUARTER</i>				
	<i>Appropriation</i>	<i>Expended</i>	<i>Obligated</i>	<i>Balance</i>
Personal Services	\$ 3,778,000	\$ 3,674,046	\$ 0	\$ 103,954
Employee Retire. (Employer)	151,400	142,780	0	8,620
State Retirement	380,500	369,359	0	11,141
Social Security	290,000	270,115	0	19,885
Contractual Services	561,000	465,397	10,293	85,310
Travel	100,000	58,487	0	41,513
Commodities	20,300	6,222	0	14,078
Printing	20,000	17,953	0	2,047
Equipment	35,000	12,900	10,803	11,297
EDP	124,700	78,956	17,521	28,223
Telecommunications	75,000	56,876	0	18,124
Oper. of Auto. Equip.	5,000	2,747	0	2,253
Audits/Studies/Invest.*	<u>12,798,617</u>	<u>7,644,517</u>	<u>3,042,350</u>	<u>2,111,750</u>
TOTAL	<u>\$18,339,517</u>	<u>\$12,800,355</u>	<u>\$3,080,967</u>	<u>\$2,458,195</u>
*Audit Expense Fund				

PERSONNEL

<i>PERSONNEL</i>					
	<u>04-01-02</u>	<u>Appointments</u>	<u>Separations</u>	<u>Transfers</u>	<u>06-30-02</u>
Springfield	68	0	1	0	67
Chicago	<u>09</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>09</u>
TOTAL	<u>77</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>76</u>

CONTRACTS

During the fourth quarter of Fiscal Year 2002 the Office of the Auditor General entered into three administrative contracts, one hundred financial/compliance audit contracts and one performance audit contract.

TRAINING

Training for the fourth quarter of Fiscal Year 2002 included Accounting and Auditing Updates, Assessing Management Controls and Risk for Performance Audits, Audit Interviewing, Microsoft Word, Excel, and Access. Additional external training that staff participated in includes Auditor Independence, Breaking Barriers to E-Government, Business Writing and Grammar Skills, Illinois CPA Society's Annual Government Conference, Implementing HIPAA Standards and Administrative Compliance, Information Security and the Audit Communities' Role, Institute of Internal Auditors Roundtable, and Internet Security.

PERFORMANCE AUDITS

PERFORMANCE AUDITS IN PROGRESS

<i>AUDITS</i>	<i>ESTIMATED RELEASE DATE</i>
<ul style="list-style-type: none">• Compliance and Management Audit of Chicago's Airports (<i>PA 89-386</i>)	Unknown
<ul style="list-style-type: none">• Management Audit of Group Workers Compensation Self-Insured Pools (<i>LAC No. 121</i>)	Fall 2002
<ul style="list-style-type: none">• Management Audit of the Early Intervention Program (<i>LAC No. 122</i>)	Summer 2002
<ul style="list-style-type: none">• Financial and Management Audit of the Teachers Academy for Mathematics and Science (<i>H.R. 304</i>)	Fall 2002
<ul style="list-style-type: none">• Program and Management Audit of Kid Care (<i>S.R. 152</i>)	Summer 2002
<ul style="list-style-type: none">• Financial, Compliance, and Program Audit of the Village of Robbins' Use of Municipal Economic Development Funds (<i>Public Act 90-813</i>)	Summer 2002
<ul style="list-style-type: none">• Program Audit: DHS Office of Inspector General (<i>P.A. 92-358</i>)	Winter 2002
<ul style="list-style-type: none">• Management Audit: Illinois State Toll Highway Authority (<i>SJR 72</i>)	Spring 2003

FINANCIAL & COMPLIANCE AUDITS

The following is a listing of financial and compliance audits for the period(s) ending June 30, 2001 and December 31, 2001. As the year progresses the “date released” column will be completed.

***FINANCIAL & COMPLIANCE AUDITS
FOR THE PERIOD(S) ENDING JUNE 30, 2001
AND DECEMBER 31, 2001***

F = Financial

C = Compliance

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
Alton Mental Health Center		x	04-30-02
Arts Council and Foundation	x	x	04-10-02
Attorney Registration and Disciplinary Commission	x	x	06-26-02
Board of Admissions to the Bar	x	x	04-25-02
Board of Higher Education	x	x	03-06-02
Bureau of the Budget	x	x	04-18-02
Capital Development Board	x		02-13-02
Center for Rehabilitation and Education		x	04-30-02
Chester Mental Health Center		x	04-30-02
Chicago Read Mental Health Center		x	04-30-02
Chicago State University	x	x	06-26-02
Chicago State University Foundation		x	06-26-02
Choate Mental Health Center		x	04-30-02
Civil Service Commission		x	03-06-02
Commission on Intergovernmental Cooperation		x	06-26-02
Comptroller – Fiscal Officer	x	x	03-28-02
Correctional Industries	x		02-13-02
Court of Claims	x	x	04-10-02
Criminal Justice Information Authority	x	x	04-10-02
DCMS – Deferred Compensation Plan – 12/31/01			
Deaf and Hard of Hearing Commission	x	x	06-26-02
Department of Agriculture	x	x	04-25-02
Department of Central Management Services	x		02-13-02

FINANCIAL & COMPLIANCE AUDITS (Continued)

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
Department of Employment Security	x		03-12-02
Department of Human Rights			
Department of Human Services – Central Office	x	x	04-30-02
Department of Insurance	x	x	02-21-02
Department of Labor	x	x	02-21-02
Department of Lottery	x	x	02-21-02
Department of Nuclear Safety	x	x	03-06-02
Department of Professional Regulation	x	x	03-12-02
Department of Public Aid	x		04-25-02
Department of Public Health	x	x	03-12-02
Department of Revenue	x	x	04-10-02
Department of Transportation	x		03-12-02
Development Finance Authority	x	x	03-26-02
Distance Learning Foundation	x	x	03-28-02
Drycleaner Envir. Res. Trust Fund Council	x	x	04-03-02
DuQuoin State Fair	x	x	06-26-02
Eastern Illinois University	x	x	03-15-02
Eastern Illinois University Alumni Association	x	x	03-15-02
Eastern Illinois University Foundation	x	x	03-15-02
Economic and Fiscal Commission		x	06-26-02
Educational Facilities Authority	x	x	04-03-02
Educational Labor Relations Board	x	x	04-03-02
Elgin Mental Health Center		x	04-30-02
Emergency Management Agency	x	x	04-18-02
Farm Development Authority	x	x	04-03-02
Fox Developmental Center		x	04-30-02
General Assembly		x	06-26-02
General Assembly Retirement System	x		01-30-02
General Assembly Retirement System		x	02-28-02
Governors Commission on the Status of Women		x	03-28-02

FINANCIAL & COMPLIANCE AUDITS (Continued)

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
Governors State University	x	x	03-26-02
Governors State University Alumni Association	x	x	03-26-02
Governors State University Foundation	x	x	03-26-02
Guardianship and Advocacy Commission	x	x	06-26-02
Health Facilities Authority	x	x	04-03-02
High School Association		x	04-10-02
Housing Development Authority	x	x	03-26-02
Howe Developmental Center		x	04-30-02
Human Rights Commission			
Illinois Building Commission	x	x	02-07-02
Illinois Commerce Commission	x	x	02-21-02
Illinois Conservation Foundation	x	x	02-13-02
Illinois Gaming Board	x	x	04-10-02
Illinois Grain Insurance Corporation	x	x	04-25-02
Illinois Labor Relations Board		x	03-06-02
Illinois Math and Science Academy and Fund	x	x	04-03-02
Illinois Council on Developmental Disabilities	x	x	03-12-02
Illinois Petroleum Resources Board	x	x	02-07-02
Illinois State Fair	x	x	06-26-02
Illinois State University	x	x	03-19-02
Illinois State University Foundation	x	x	03-19-02
Illinois Student Assistance Commission	x	x	04-18-02
Illinois Supreme Court	x	x	03-06-02
Industrial Commission	x	x	06-26-02
Jacksonville Developmental Center		x	04-30-02
Judges Retirement System	x		01-30-02
Judges Retirement System		x	02-28-02
Kankakee River Valley Area Airport Authority	x	x	02-07-02
Kiley Developmental Center		x	04-30-02
Legislative Audit Commission		x	06-26-02

FINANCIAL & COMPLIANCE AUDITS (Continued)

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
Legislative Printing Unit		x	06-26-02
Legislative Reference Bureau		x	06-26-02
Legislative Research Unit		x	06-26-02
Lincoln Developmental Center		x	04-30-02
Literacy Foundation	x	x	03-28-02
Ludeman Developmental Center		x	04-30-02
Mabley Developmental Center		x	04-30-02
Madden Mental Health Center		x	04-30-02
Marriage Divisions of the Illinois Courts		x	03-06-02
McFarland Mental Health Center		x	04-30-02
Metro. Pier and Exposition Authority		x	04-25-02
Murray Developmental Center		x	04-30-02
Northeastern Illinois University	x	x	03-26-02
Northeastern Illinois University Foundation	x	x	03-26-02
Northern Illinois University	x	x	03-15-02
Northern Illinois University Alumni Association	x		02-07-02
Northern Illinois University Foundation	x		02-07-02
Office of the Governor	x	x	03-28-02
Office of the Lieutenant Governor	x	x	03-28-02
Pension Laws Commission		x	06-26-02
Prairie State 2000 Authority	x	x	06-26-02
Rural Bond Bank	x	x	04-03-02
School for the Deaf		x	04-30-02
School for the Visually Impaired		x	04-30-02
Secretary of State	x	x	03-28-02
Shapiro Developmental Center		x	04-30-02
Singer Mental Health and Developmental Center		x	04-30-02
Southern Illinois University	x	x	04-25-02
Southern Illinois University Carbondale – Alumni Assoc.	x	x	03-19-02
Southern Illinois University Carbondale – Foundation	x	x	03-19-02

FINANCIAL & COMPLIANCE AUDITS (Continued)

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
Southern Illinois Univ. Edwardsville – Alumni Assoc.	x	x	03-19-02
Southern Illinois University Edwardsville – Foundation	x	x	03-19-02
Southern Illinois University Physicians and Surgeons	x	x	04-25-02
Southern Illinois University – University Park	x	x	03-19-02
Space Needs Commission		x	06-26-02
State Board of Education	x		03-12-02
State Board of Elections		x	04-10-02
State Board of Investment	x		01-30-02
State Board of Investment		x	02-28-02
State Employees’ Retirement System	x		01-30-02
State Employees’ Retirement System		x	02-28-02
State Universities Retirement System		x	01-30-02
State Universities Retirement System		x	02-28-02
Statewide Single Audit	x		06-27-02
Summer School for the Arts	x	x	06-26-02
Teachers’ Retirement System	x		01-30-02
Teachers’ Retirement System		x	02-28-02
Teachers’ Pension and Retirement System – Chicago		x	04-10-02
Tinley Park Mental Health Center		x	04-30-02
Toll Highway Authority – 12/31/01			
Treasurer – Bright Start College Savings Pool	x		02-13-02
Treasurer – Fiscal Officer	x	x	03-28-02
Treasurer – Illinois Funds	x		02-13-02
Treasurer – Non-fiscal officer	x	x	03-28-02
Universities Civil Service Commission	x	x	04-03-02
University of Illinois	x	x	03-15-02
University of Illinois Alumni Association	x		02-07-02
University of Illinois Foundation	x		02-07-02
University of Illinois – HMO 8/31/01	x	x	02-07-02
University of Illinois – Prairieland Energy, Inc.	x		02-07-02

FINANCIAL & COMPLIANCE AUDITS (Continued)

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
University of Illinois - -Research Park LLC	x		02-07-02
University of Illinois – Ventures LLC			02-07-02
University of Illinois – Wolcott Wood & Taylor, Inc.	x		02-07-02
Western Illinois University	x	x	03-15-02
Western Illinois University Foundation	x	x	03-15-02
Zeller Mental Health Center		x	04-30-02

INFORMATION SYSTEMS AUDITS

These audits are components of each agency's regularly scheduled financial and compliance audit for the period ending June 30, 2001.

<i>INFORMATION SYSTEMS AUDITS AUDITS INITIATED AND/OR COMPLETED IN FISCAL YEAR 2002</i>	
•	Bureau of the Budget
•	Comptroller
•	Department of Central Management Services – BCCS 3 rd Party Review
•	Department of Employment Security
•	Department of Human Services
•	Department of Insurance
•	Department of Labor
•	Department of Nuclear Safety
•	Department of Public Health
•	Department of Revenue
•	Eastern Illinois University
•	Illinois Industrial Commission
•	Secretary of State
•	Supreme Court
•	Treasurer
•	University of Illinois
•	Western Illinois University

EMERGENCY PURCHASES

The Illinois Procurement Code requires agencies expending funds in an emergency to file an affidavit with the Auditor General within 10 days after the procurement, setting forth the amount expended, the name of the contractor, and the circumstances requiring the emergency purchase. The Auditor General, in turn, is required to file a quarterly report with the Commission and the Governor setting forth a complete listing of all emergency purchases reported during that quarter. The latest report is for the third quarter of Fiscal Year 2002 and it contains sixty two filings with this Office.

CONTRACTUAL SERVICES CERTIFICATIONS

Pursuant to the requirements of the State Finance Act at 30 ILCS 105/15a, State agencies must file a certification with the Auditor General prior to the execution of any contract with a former employee who took an early retirement incentive. The certification must state that the former employee either possesses unique expertise or is essential to the operation of the agency.

During the fourth quarter of Fiscal Year 2002, the Auditor General received one certification from the Department of Revenue stating that a retiree had been hired on a contractual basis because the person possesses unique expertise that is essential to the agency's operations.

Copies of this certification and others received in previous quarters are on file in our Office.

AUDITOR GENERAL'S OFFICE RECEIVES AWARD

The National Conference of State Legislatures' National Legislative Program Evaluation Society (NLPES) has informed the Auditor General's Office that we have been awarded a Certificate of Recognition of Impact for our *Management Audit of the Illinois State Board of Education and Other State Agencies Providing Funding to Illinois' Regional Offices of Education*. The award will be presented on July 25 at the National Conference's annual meeting. The NLPES award recognizes reports having a positive impact on public policy, for instance by resulting in dollar savings, program improvements or legislative changes.

Yours truly,

WILLIAM G. HOLLAND
Auditor General